

Thoo Chow Fah 27th November 2019

Strategic Considerations

- Change of product mix from 100% machined parts to target in 5 years change of Machined parts:Precision fabricated parts ratio 50%:50%
- Machined parts business will still grow except fabrication business grows faster
- Main growth in the EMS and Auto segments

New Business

- HDD: Toshiba Storage
- Automotive: Delphi Technologies
- Camera: Fuji Film

 Capex budget FY2020: RM25 mil to meet orders demand



Klang main plant & HQ with the rebuilt double storey factory. HDD, Auto, Camera machining and fabrication with jigs & die, Cutting tools, surface treatment plants. On 7.5 acres freehold industrial land. 450,000 sf production space.



Klang Plant 3. HDD and Automotive machining with 1 hard anodising Plant. On 6.5 acres freehold industrial land with production space 220,000 sf



Klang Plant 2. The new indirect & direct extrusion is located here. Built on 2 acres freehold industrial land of 70,000 sf built up.



Notion Thailand Rojana Ind Estate Factory 1, Ayuthaya.

Mainly HDD machining on a 4 acres industrial site with 150,000 sf
Built up



Notion Thailand Rojana Ind Estate Factory 2 situated in Ayuthaya. All the Continental Group Auto business will be housed here. Mainly CNC auto lathe machining. On 3.5 acres site and built up 100,000 sf



Notion Thailand Rojana Ind Estate Factory 2 situated in Ayuthaya. On 2 acres site and built up 60,000 sf. Production of customised Carbide and PCD cutting tools for inhouse and other customers.



Notion International Sdn Bhd in Gelang Patah, Johor. HDD and EMS machining and fabrication. Built up 40,000 sf rented premise. Company owns a vacant 3 acres freehold industrial land for future Expansion.

Comparison Segmental Revenue YoY (Year on Year)

Segment	FY19	FY18	Change %
HDD	101 m	124 m	(19%)
Automotive	93 m	85 m	9%
Camera	17 m	24 m	(31%)
EMS & Others	27 m	23 m	20%
Total	238 m	256 m	(7%)

Comparison Segmental Revenue QoQ (Qtr on Qtr)

Segment	Q4 FY19	Q3 FY19	Change %
HDD	28 m	21 m	30%
Automotive	25 m	23 m	6 %
Camera	4.5 m	4.8 m	(5%)
EMS & Others	7.8 m	6.8 m	15%
Total	65 m	56 m	15%

Financials FY19 vs FY18 (RM'm)

	FY19	FY18
Revenue	238	256
Cost of Goods Sold	201	242
Gross Profit	37	14
Other Op Income	20	167
Other Expenses	(42)	(112)
Operating Income/Loss	15	58
Finance Cost	(4.8)	(0.9)
Profit Before Tax	10	67
Profit After Tax	8	48
Loss/EPS	2.28	14.30

Borrowings	66	44
Cash	67	42
EBIDTA	41	97
Capex	67	162

Financials Q4FY19 vs Q3FY19 (RM'm)

	Q4 FY19	Q3 FY19
Revenue	65	56
Cost of Goods Sold	(49)	(48)
Gross Profit	15.6	8
Other Op Income	12	1.9
Other Expenses	(12)	(7.7)
Operating Income/Loss	15.8	2.2
Finance Cost	(1.2)	(1.3)
Profit Before Tax	14.6	0.9
Profit After Tax	12	1.9
Loss/EPS	3.63	0.56
GP margin	24%	14%
PBT margin	22%	1.6%
PAT margin	18%	3.3%

Summary Management Targets

- FY19 revenue RM238 mil
- FY20 revenue RM320 mil est
- FY21 revenue >RM400 mil est
- PAT margin 7.7 to 9% target
- EBITDA margin 20% target

Capacity Utilisation Estimate (24 Nov 2019)

• HDD: 75%

Automotive: 90%

• Camera: 50%

Fabrication: 80%

• Extrusion: 40%

Conclusions:

- QoQ sales grew 15% mainly from HDD
- From Q1 FY20, main growth from EMS
- GP, PBT and PAT margins improved significantly QoQ
- Toshiba Storage, Delphi and Fuji Film new business will add to machined parts
- Extrusion of aluminium solid bars and tubing will reduce raw material cost and supply to tubing components in EMS
- Fabrication from stainless steel sheet and pipes and laser cut and robotic arm laser welding activities are ramping up
 On a high growth rate mode